

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR (A) AN ADJUSTMENT)
OF RATES; (B) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR) CASE NO. 2005-00148
IMPROVEMENTS TO WATER FACILITIES;)
AND (C) ISSUANCE OF BONDS)

DEC 21 2005
PUBLIC SERVICE
COMMISSION

RESPONSE TO COMMISSION STAFF'S
FOURTH INFORMATION REQUEST

Northern Kentucky Water District ("NKWD"), by counsel, provides the following responses to the Commission's Order of December 13, 2005.

Witness for 1 and 2: Harrison

1. In its motion of November 3, 2005, NKWD states that it has accepted the low bid of \$971,222 for its Grand Avenue main extension project. Provide a detailed itemized list of the project construction cost including, but not limited to, legal fees, engineering, inspection fees, and contingencies.

RESPONSE: See attached.

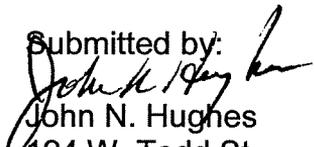
2. Explain why, in NKWD's opinion, construction projects whose total costs are less than \$1,000,000 should be considered an extension in the ordinary course of business.

Response: NKWD has chosen a very conservative level of expense for projects that it classifies as ordinary extensions. For calendar year 2004, the District had net utility plant of approximately, \$251,669,683. Any project of \$1M amounts to less than a 0.5 increase in plant. The District has proposed approximately \$25M of additional plant in this case. Given the steady and rapid growth in the District's plant, use of

\$1M as ordinary is somewhat low. The District believes that the threshold should increase annually as its plant increases.

The threshold certainly now falls within the guidelines of 807 KAR 5:001(9)(3) as evidenced by the Commission's letter of November 18, 2005 regarding the Church Street Main Replacement Project. The continued expansion of plant warrants a regular review to increase that level to reflect the District's current operations.

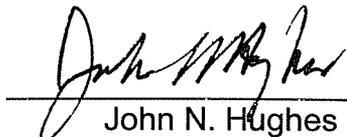
Additionally, there are certain types of projects such as repairs and replacements that should probably have an even higher level of expense to fall within the ordinary extension category. These types of projects are merely ongoing improvements to existing facilities, not extensions of new mains or construction of new facilities. Because they are for work on existing facilities, there should be no question about the need or benefit. As such, any project of this type could easily be determined to be an ordinary repair without any additional Commission review.

Submitted by:

John N. Hughes
124 W. Todd St.
Frankfort, KY 40601

Attorney for Northern
Kentucky Water District

Certificate of Service:

I certify that a copy of this response was served on the Attorney General by first class mail the 21st day of December, 2005.



John N. Hughes

PROJECT GENERAL

PROJECT NOMENCLATURE:

NAME: 2004 Systematic Water Main Replacement/Grand Ave Kolman Ave Cleveland Ave, etc.
 DESIGNATION CODE: 184-167
 FUNDING SOURCE: Line Item # 811 \$1,000,000 from BAN 2005 PSC Ref #96 Note: blue cells are
\$140,000 from 2004 Water Main Replacement PSC Ref #48 formulas and should
 be changed with caution.

PROJECT DESCRIPTION:

AS CONSTRUCTED MAP NUMBER

PROJECT INFORMATION AND BUDGET FOR ACCOUNTING

	DATE/ESTIMATED COST	PROJECTED TO COMPLETE	
NOTIFICATION OF FINANCE DIRECTOR DATE:			
DATE APPROVED BY COMMISSION FOR ENGR.:			
DATE APPROVED BY COMMISSION FOR CONST.:			
PSC SUBMITTAL DATE			
PSC APPROVAL DATE			
DATE APPROVED BY KY. DIV. WATER			
KDOT/LOCAL PERMITS AS REQUIRED			
OUTSIDE AGENCY PARTICIPATING			
O.A. PARTICIPATION AMOUNT (approx.)	\$0.00		
BOARD APPROVED/TOTAL COST TO FUNDING	\$1,140,000.00	\$1,139,331.98	Excludes labor and interest

PROJECT BUDGET FOR ENGINEERING

	ESTIMATED COST	PROJECTED TO COMPLETE	ACTUAL COST TO DATE
LEGAL FEES	\$2,500.00	\$2,500.00	\$0.00
GEOTECHNICAL COST (DESIGN/CONSTR)	\$4,000.00	\$4,000.00	\$284.79
ENGINEERING DESIGN PHASE	\$32,700.00	\$32,700.00	\$29,723.25
ENGINEERING CONSTRUCTION PHASE			\$0.00
PROJECT LENGTH	8,656		1
AVERAGE COST PER FOOT BASED ON BID	\$112.20		\$0.00
PROPERTY ACQUISITION/EASEMENT	\$1,500.00	\$1,500.00	\$0.00
BID/PAYMENTS TO CONTRACTOR	\$971,222.00	\$971,222.00	\$0.00
CHANGE ORDER COSTS		\$0.00	
SUBCONTRACTORS PAID DIRECT	\$0.00	\$0.00	\$0.00
MISCELLANEOUS COSTS/CONTINGENCIES (9%)	\$87,409.98	\$87,409.98	\$863.87
MATERIALS SUPPLIED BY NKWD	\$40,000.00	\$40,000.00	\$0.00
TOTAL (EXCLUDES LABOR & INT.)	\$1,139,331.98	\$1,139,331.98	\$30,871.91

CONSTRUCTION INFORMATION

	PROJECTED	ACTUAL
ENGINEER		CDS Associates, Inc.
CONTRACTOR NAME		
START DATE:		
COMPLETION DATE:		
PROJECT MANAGER:		Steve Broering
INSPECTOR:		
IN SERVICE NOTICE TO CONTROLLER		
DEPRECIATION START DATE		

Grand Ave. Project Cost Breakdown

Detailed Itemized list of Project Construction Cost

Design Engineering	Geotechnical Eng.	\$ 4,000.00
	Design Eng.	\$ 32,700.00
Contingencies/Miscellaneous Costs (9%)		\$ 87,409.98
Materials supplied by NKWD		\$ 40,000.00
Legal fees		\$ 2,500.00
Easement Cost		\$ 1,500.00
Contractor - RFH Construction		\$ 971,222.00
Inspection Cost (None - part of O&M Budget)		\$ -

Estimate Project Cost \$ 1,139,331.98

Original Project Budget \$ 1,000,000.00

Board Approved Amount	\$ 1,140,000.00
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Project Difference *** \$ 140,000.00

***Project cost difference of \$140,000 will come from the 2004 Water Main Replacement Program - PSC Ref. #48